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RUEHIT/AMCONSUL ISTANBUL IMMEDIATE 0125
RUEHC/SECSTATE WASHDC IMMEDIATE 5694
INFO RUEAIIA/CIA WASHINGTON DC
RHMFISS/CDR USEUCOM VAIHINGEN GE
RUEKDIA/DIA WASHDC
RHEHNSC/NSC WASHDC

Friday, 11 July 2008, 09:30
C O N F I D E N T I A L SECTION 01 OF 02 BAKU 000671
ANKARA OR ISTANBUL - PLS PASS TO SE GRAY

EO 12958 DECL: 07/13/2018
TAGS PGOV, PREL, AJ, ENRG, TU
SUBJECT: AZERBAIJAN SCENESETTER FOR JULY 14 VISIT OF
SPECIAL ENVOY C. BOYDEN GRAY
REF: A. A) BAKU 494 B. B) ASHBABAT 817 C. C) ANKARA 1172
Classified By: Ambassador Anne E. Derse, reasons 1.4 (b,d)

1. (C) Your second visit to Baku comes on the heels of your early June participation in the Fifteenth Annual Caspian Oil and Gas Exhibition at TURKEY

2. (C) President Aliyev will be very interested in your just completed visit to Turkey. As you are aware, Azerbaijan's desire to conclude sale 3. (C) The Shah Deniz Consortium's commercial negotiations with the three pipeline projects competing for SD2 gas (TAP, Nabucco TGI) are at a TURKMENISTAN

4. (C) Although bilateral relations between the two countries have improved significantly due to Azerbaijan's diplomatic outreach to President 5. (C) There is ongoing cooperation between the two countries in preparation for an early September joint Energy Exhibition and Conference for EU

6. (C) SOCAR has expressed concerns about European Commission (EC) proposals it has indirectly heard about, to include EC attempts to link gas TRANSIT OF KAZAKH OIL

7. (C) Much as a transparent and commercially viable gas transit regime through Turkey is essential to attract both Azerbaijan and eastern Cas BP-GOAJ RELATIONS

8. (C) Finally, you should be aware of the current status of negotiations between the AIOC Consortium headed by BP (responsible for the ACG fi - Zero Balance Date (ZBD): Under the current BTC PSA, after the BTC Consortium loses ownership of the pipeline in 2026, the Consortium members - Total Transportation Costs (TTC): In the current PSA there is a link between the cost of transportation and the split of profit oil, which ca - Baku-Supsa: The Baku-Supsa pipeline, with a capacity of 100 to 150 thousand barrels a day, is currently under AIOC Consortium ownership and c